



राजपत्र, हिमाचल प्रदेश (असाधारण)

हिमाचल प्रदेश राज्य शासन द्वारा प्रकाशित

शिमला, शुक्रवार, १३ सितम्बर, १९९६/२२ भाद्रपद, १९१८

हिमाचल प्रदेश सरकार

INDUSTRIES DEPARTMENT

NOTIFICATION

Shimla-2, the 22nd August, 1996

No. Udyog (Chh) 6-96/81-IV.—In supersession of this department notification No. 9-4/73-SI (Rules) -IV dated 27th March, 1991, and in supersession of all subsequent notifications, issued from time to time amending the notification No. 9-4/73- SI (Rules)-IV dated 27th March, 1991, the Governor of Himachal Pradesh is pleased to make the rules as per Annexure enclosed for the grant of revised incentives, concessions and facilities to the industrial units in Himachal Pradesh.

By order,

S. S. SIDHU,

Financial Commissioner-cum-Secretary.

REVISED RULES REGARDING GRANT OF INCENTIVES, CONCESSIONS AND FACILITIES TO INDUSTRIAL UNITS IN HIMACHAL PRADESH, 1996

1. *Short Title and Commencement :*

1.1 (a) These rules shall be called revised Rules regarding Grant of Incentives, concessions and Facilities to Industrial Units in Himachal Pradesh, 1996 and shall come into force w. e. f. First day of October, 1996 (hereinafter referred to as appointed day).

1.1 (b) Objectives :

The objectives of these incentives, concessions and facilities scheme 1996 is to :—

- (i) Spell out the maximum extent to which benefits incentives, concessions and facilities, the Government is willing to provide to the industrial units to be set up in the State after the appointed day.
- (ii) The extent of benefits to be so allowed to any new or existing Industrial Units as defined under these rules, are to be curtailed, withdrawn totally or partially allowed, depending upon the direct revenue contributions, commitments, to be made by the unit and extent of employment actually provided to local bondafide Himachalis, for whose benefit, Industrialisation in the State is sought, with this objective, an eligibility certificate specifically incorporating the extent to which benefits would be made available, would be issued at the time of permanent registration/grant of commencement of commercial production certificate in case of Small scale Industrial Units & Medium & Large Scale Units.
- (iii) The objective is also to ensure and encourage optimum and maximum utilisation of resources of the States, be it power, land, capital, manpower etc. and compare it with the resource generation and contribution to the State made by the unit and accordingly commit the extent of incentives to such projects making significant and minimum acceptable level of contribution to the State.
- (iv) To ensure practical manifestation and achievement of the end objectives, outlined in the Industrial Policy Statement, 1996 announced by the Government.

1.2 Eligibility.

(a) New Industrial Units and Small Scale Services Business Establishments as defined in these rules shall be eligible for grant of incentives as provided for respectively under these rules. Units which have commenced commercial production before the appointed day will continue to be governed for grant of all incentives under the Revised Rules Regarding Grant of Incentives to Industrial Units in H. P., 1991 as amended from the time to time, until or unless and to the extent so provided in these rules. Provided further that such industrial units and SSSB's will be eligible for incentives concessions and facilities only if they meet the minimum employment criterion as laid down under these rules.

(b) As the incentives under these rules are provided under the discretionary powers of the State Government hence they do not create any claim against Himachal Pradesh Government

enforceable in any Court of Law. The State Government in its wisdom may decide to amend, alter, delete or revoke any or all of the incentives so notified under these rules and no claim as such, on account of such a decision will be entertained.

2. Definitions.

2.1 Under these rules unless the context otherwise requires :

- (a) "Central Sales Tax" means the tax leviable under the Central Sales Tax Act, 1956.
- (b) "Commencement of commercial production" means the date on which the new industrial unit actually commenced commercial production as certified by the General Manager, District Industries Centre/Director of Industries/Member-Secretary, Single Window Agencies.
- (c) "Effective Steps" means such steps as listed in clause 5.7 of these rules.
- (d) "Electricity duty" means the electricity duty levied on the consumption of power by New Industrial Units set up in the State by the Himachal Pradesh State Electricity Board/H. P. State Government from time to time.
- (e) "Existing units" means those industrial units which have been set up and commenced commercial production before the appointed day or as may be further qualified under these rules.
- (f) "Expansion/ diversification" shall mean a minimum of 25 per cent of additional fixed Capital Investment by a unit over its existing Fixed Capital Investment for the production of any additional items or increase in production of existing production by at least 25% of the installed/licenced capacity .
- (g) "Export Oriented Unit" means an industrial unit set up for the purpose of exporting at least 25% of its production or as defined in the Import/Export Policy of Government of India, from time to time, and duly approved/registered as such by the competent authority. Such units will, for the purpose of eligibility of incentives provided for under these rules, also satisfy the minimum employment criterion prescribed under clause 2 (x) of these rules.
- (h) "100% of Export Oriented Unit" means such units, set up for the purpose of producing for Exports as defined by Government of India from time to time. It will also include existing units or New Industrial units, which subsequently undertake to export the prescribed percentage of their produce (as prescribed by Government of India) for a minimum period of 5 years continuously. In such cases the units would be eligible for incentives under these rules only for this period of 5 years. Such units will, for the purpose of eligibility of incentives provided for under these rules, also satisfy the minimum employment criterion prescribed under clause 2 (x) of these rules.
- (i) "Feasibility Report" means a report on the economic and technical feasibility of Industrial project proposed by a consultant or Agency approved by the Director of Industries, Himachal Pradesh Government.
- (j) "Financial Institution" means all Scheduled Commercial Banks, Himachal Pradesh Financial Corporation, Himachal Pradesh State Industrial Development Corporation I. F. C. I., I. C. I. C. I., NABARD or any other Institutions declared Financial Institution by the Government of India under the relevant statute. It will also include corporations/ institutions set up by the State/ Central Government, specifically to assist and extend loan assistance to specific categories of entrepreneurs like women, SC/ ST, ex-servicemen, physically handicapped, backward classes etc.
- (k) "Fixed Capital Investment" (FCI) means actual investment made on land, building, machinery and plant, by an industrial unit and includes additional Fixed Capital Investment made by a unit undergoing expansion, modernisation, diversification.

- (l) "General Sales Tax" means tax leviable by the State Government under the Himachal Pradesh General sales Tax Act, 1968.
- (m) "Generating set" means a movable captive power/plant installed by the Industrial unit.
- (n) "Government" means Government of Himachal Pradesh.
- (o) "Government Land" means such land as defined under the H. P. Land Reforms and Tenancy Act, 1972, as amended from time to time.
- (p) "Industrial Area" means an area acquired by the Government for the establishment of Industrial units including any developed plots of land. Developed plots for this purpose would mean provision of approach road, water supply, sewerage and power upto the plot but excludes site development.
- (q) "Industrial Estate" means an area comprising sheds constructed by the Government for allotment to entrepreneurs for setting up of Industrial units.
- (r) "Industrial Sheds" means a built up structure located in an Industrial Estate/ Industrial Area.
- (s) "New Industrial Unit" means a registered SSSBE, tiny, small, ancillary medium or large scale Industrial unit as defined in clause (x) & 'z' 'a' of these rules, located within the State of Himachal Pradesh which commences commercial production on or after the appointed day and will include any existing unit which is eligible to get fresh registration as per the guidelines provided by Development Commissioner, small scale Industries, Government of India, from time to time.
- (t) "Non Resident Indian (N R I's)" means individual of Indian nationality or origin, and their overseas corporate bodies (in which at least 60 per cent of the ownership directly or indirectly is with non-residents of Indian nationality/origin) as defined under section 2 (g) of Foreign Exchange Regulation Act, 1978 and so declared or as may be defined by Government of India from time to time.
- (u) "Pioneer Unit" means any first seven medium or large scale unit in category "A" Block, any first five medium or large scale units in category "B" Block and any first medium or large scale unit in category "C" Block, (excluding units manufacturing cement in 'A', 'B' & 'C' category blocks and items listed in Annexure-III in category 'C' blocks only and the units located within the municipal limits of Shimla Town), which goes into commercial production on or after the appointed date and employ at least 100 persons or 50% (whichever is more), of their total manpower who are bonafide Himachalis, on regular basis and have representation in all categories, and is registered with the Empowered Committee appointed under para 1 of rule 22.
- (v) "Prestigious Unit" means any new industrial unit, excluding units manufacturing cement which goes into commercial production in the State on or after the appointed day and is registered with the Empowered Committee appointed in para 1 of rule 22. Such unit shall have a fixed capital investment of at least Rs. 75 crores and shall employ at least 200 person or 50% (whichever is more), of their total manpower who are bonafide Himachalis, on regular basis and have representation in all categories. Such prestigious units would include joint venture projects with foreign collaborations and with minimum of 25% of promoters equity being that of the foreign collaborator's and with a minimum cost of project being more than Rs. 50 crores, as computed on the day of the commencement of production of such joint venture project.
- (w) "Prestigious Cement Unit" means any new industrial unit, which goes into commercial production in the State on or after the appointed day and is registered with the Empowered Committee appointed in para 1 of rule 22 after the appointed day. Such unit shall have a fixed capital investment of at least Rs. 75 Crores and,

shall employ at least 200 persons or 50% (whichever is more), of their total manpower who are bonafide Himachalis, on regular basis and have representation in all categories.

- ✓ (x) Tiny, Small, Ancillary, Medium or Large Industrial unit shall have same meaning as defined by the Government of India from time to time. However, for the purpose of eligibility for incentives provided for under these rules, they shall satisfy the minimum employment criterion prescribed, which is as follows :

- (i) Tiny units and S.S.B.E's. registered shall be eligible only if they employ a minimum of two persons or 50% (whichever is more), of their total manpower, who are bonafide Himachalis, on regular basis and have representation in all categories.
- (ii) In case of SSI Units other than Tiny units a minimum of six persons or 50% (whichever is more), of their total manpower, who are bonafide Himachalis, on regular basis and have representation in all categories.
- (iii) In case of medium and large scale units a minimum of 50 persons or 50% (whichever is more), of their total manpower, who are bonafide Himachalis, on regular basis and have representation in all categories.

(y) "Private Limited Company" means private company as defined in Companies Act, 1956 (as amended from time to time) and registered as such.

(z) "Public Limited company" means Public Company as defined in Companies Act, 1956 (as amended from time to time) and registered as such.

(z'a') "Small Scale Service Business establishment" (SSSBE's), means such small establishment, as defined by Government of India from time to time and also meet with the minimum employment criterion as laid down in clause (x) (i) of these rules.

(z'b') "Sick Industrial units" will mean an industrial unit, as defined under RBI/IDBI guidelines from time to time and has been declared as such by the State Level Inter Institutional Committee (SLIIC) or BIFR under the provisions of SICA Sick Industrial Companies (Special Provision) Act, 1985 as the case may be and being potentially viable is agreed in writing to be taken up by a Central or State level Financial Institutions or bank under a programmes of rehabilitation. Provided further such sick Industrial Units also meet the minimum employment criterion laid down for Tiny, Small, Ancillary, Medium or Large Industrial Units.

3. *Subsidy Towards the cost of preparation of feasibility Reports for procurement of technical know how to New Industrial Units.*

3.1 Subsidy will be admissible to Industrial Units as under :—

(a) In case of Small Scale Industry where feasibility report is to be prepared by entrepreneurs, 75% of the cost subject to a maximum of Rs. 15,000/- in each case.

(b) In case of medium and large scale industries, 75% of the cost of preparation of feasibility report or 1% of the capital cost of the project in land, building, plant and machinery, subject to maximum of Rs. one lakh, whichever is less.

3.2 Provided that the subsidy will be admissible subject to the following conditions :—

(a) The applicant will make a simple application while taking effective steps for setting up of unit indicating approvals obtained for setting up of the unit.

- (b) The feasibility report shall be prepared by a technical consultant approved by the Director of Industries from a panel of names of consultants approved by Central/ State level Financial Institutions. Director of Industries shall decide/ screen and approve the feasibility report and determine the quantum of subsidy for sanction. Director of Industries shall disburse the amount of the subsidy sanctioned on the request made by the applicant, on a simple application, but such disbursement shall be effected only after commencement of commercial production by the unit.
- (c) 50% of the fees (excluding recurring royalty) paid for procurement of know-how from CFTRI (Central Food & Technological Research Institute), Indian Institutes of Technology, National Research Development Corporation or any Research and Development Agency recognised by the Government of India or the State Government, would be reimbursed to the New Industrial Units set up in the state, after they have commenced commercial production, subject to a maximum ceiling of Rs. 1 lakh.
- (d) 50% of the fees charged by the approved Consultant, retained by an NRI investor-company/unit promoted by an NRI, for formulation of project report and execution of the project on turn Key basis, would be reimbursed subject to a maximum of Rs. 2 lakhs/unit only after the unit has commenced commercial production.

4. Industrial Areas:

4.1 Industrial areas already set up or to be set up by the Government or Government Corporation will be categorised as 'A', 'B' and 'C' grade Industrial Areas, located in various Development Blocks, taking into account the following parametres :—

- (a) Distance from the border of adjoining States of Punjab, Haryana and U. P. (except within Shimla District).
- (b) Extent of Industrial development/ Industrial backwardness existing in that block.
- (c) Extent of overall backwardness of the block.
- (d) Extent of potential for employment generation for local people.

4.2 Based on the above criteria, the existing Development Blocks in the State have been categorised as "A" "B" and "C" category Industrial block, as shown in Annexure- I.

5. Allotment of Land in Industrial Areas:

5.1 The entire area of the State has been classified as "A", "B" & "C" as per Annexure-I. The land in Industrial areas/estates developed/acquired and transferred to the Department of Industries in its name for development would be allotted on lease hold basis for the establishment of industrial units. Need based land may also be allotted for setting up of basic infrastructural facilities on commercial basis to the State/Central Government departments, State/ Central Government undertakings and private individuals/organisations in such industrial areas/estates and land available with the Department of Industries in the State. In the event of the allotted land not being used for the purpose allotted, the same shall be resumed by the department. The land in industrial areas shall be allotted on lease hold basis by Director of Industries or any other officer authorised by him for a period of 95 years subject to a maximum area of 10000 sq. metres. In case of allotment exceeding 10000 sqm., the same would be allotted with the prior approval of Secretary, Industries to the Government of Himachal Pradesh, at rates to be determined in accordance with the criterion laid down in clause 5.5 of these rules. 30 % of the premium of land on lease as determined shall be payable at the time of allotment of land and balance 70% in 5 equal annual instalments.

5.2 The interest chargeable on delayed payment would be 18% or as fixed by the Government or Corporation from time to time. However, if any party intends to pay entire payment in lumpsum it may be accepted by constituting the instalment but the terms and conditions of the grant shall remain the same.

5.3 The land to be allotted on lease hold basis to State/ Central Government departments for setting up of infrastructural facilities on commercial basis by the State/ Central Government departments, State/ Central Government undertakings, would be leased out on no profit, no loss basis, as per provision of these rules irrespective of the category of block in which such land is allotted. Private individuals/ organisations will however be allotted land on lease hold basis for setting up of infrastructural facilities on commercial basis.

5.4 Where undeveloped land for allotment is already available with the department, such land as may be required, to the satisfaction of the Director of Industries, may also be allotted on lease hold basis to entrepreneurs for setting up of an industrial unit as per provisions of Rule 5. Such land will be allotted on lease hold basis on no profit, no loss basis, which will include cost of land, cost of acquisition of land and any other expenses incurred by the department on that land. In case of such land being Government land, the prevalent market value of the land as certified by the District Collector will be used as a basis to calculate the premium due.

5.5 Premium on lease hold land :

The premium in 'A', 'B' & 'C' grade Industrial area would be determined by the committee consisting of Secretary (Industries) as Chairman, Managing Director, H. P. S. I. D. C., Director of Industries on no profit no loss basis. The land would be leased out on no profit no loss basis in 'A', 'B' & 'C' grade industrial areas. The basis of calculating of no profit no loss would be.—

(a) Cost of acquisition of land.

(b) *Cost of Development*.—Cost of Development means actual or anticipated expenditure on the provision of approach road, water supply sewerage and power upto the plot and site development.

(c) Thus the total cost as arrived at in the manner indicated above divided by the total area developed would determine the premium per square meter. The premium of land communicated to the party and incorporated in the lease agreement shall remain the same during the pendency of that lease agreement. The instalment of premium in 'A', 'B' & 'C' grade areas shall carry no interest but for defaulted instalments the rate of 18% per annum or as may be fixed by the Government from time to time will be charged.

5.6 Application for plots/Sheds :

5.6.1 The application for allotment of plots/sheds accompanied by prescribed application fees shall be made to the Director of Industries / General Manager, District Industries Centre/ Member Secretary, Single Window Agency concerned as the case may be on prescribed form. The applicant shall have to furnish application fee at the rate of Rs. 200/- in "A", "B" and "C" category of Industrial areas respectively. The application will also be accompanied with an earnest money of Rs. 2000/- for a plot/shed of size upto 1000 sq. mtrs. and Rs. 5000/- for a plot /shed of size more than 1000 sq. mtrs. in the form of Demand Draft, payable/ pledged to Director of Industries, Himachal Pradesh/General Manager, District Industries Centre concerned. This earnest money will be refundable in the event of non allotment of plot. The plot/shed will be provisionally allotted for a period of two years to small scale industry and for three years to medium and large scale industry and possession handed over, to the applicant after

entering into an agreement to lease. The allottee will take the following effective steps, before a regular lease deed is entered into between the Department and the allottee.

5.7 Effective Steps :

5.7.1 Effective steps would mean:—

- (a) Having obtained all necessary approvals/ registration of the State Government and Central Government as applicable to the project, for which, the allotment has been considered.
- (b) Having obtained sanction of the loan for the approved project from the Financial Institution with a photo copy of a sanction letter.

5.8 In the event of units, having taken effective steps to the satisfaction of Director Industries to be recorded in writing extension in time where required upto a maximum of 5 years from the date of provisional allotment can be provided on merits of each case. The extension will be given for a period of one year at a time and application for the same will be accompanied by a fee payable to Director of Industries, Himachal Pradesh, Shimla equivalent to 10% of the total premium assessed at the time of provisional allotment for every extension sought, which will not be refundable/ adjustable.

5.9 In case the party fails to abide by any terms and condition of the aforesaid lease agreement or those terms and conditions specifically incorporated by the Department at the time of allotment, the same shall be cancelled and the amount deposited till then forfeited. The plot will in such case stand automatically resumed in favour of Industries Department and no appeal shall be entertained in this behalf.

5.10 Reimbursement/adjustment of Cost of Land/Rental of shed to Industry:

Entrepreneurs setting up unit on plot/ shed in Industrial area/ estate set up in 'A' & 'B' category blocks, after commencement of commercial production will be reimbursed 50% (60% for special category entrepreneurs) of the assessed lease premium/ rent payable to the Department. Provided further that the amount so due for reimbursement will firstly be deducted from the balance instalment of amount due to the Department equally in the balance years only after commencement of commercial production, and at the time of entering into a regular lease deed/ agreement.

5.11 The entrepreneurs can also be given an option to opt for hire/purchase of sheds on terms and conditions to be fixed by the Department from time to time.

5.12 (a) In the event of the plot/shed being sold/ transferred to a new promoter/company/firm, after obtaining permission from the Department, 50% unearned increase shall be charged from the lessees/ original allottees.

(b) Provided that, where such transfers are done on account of technical reasons, like the lessee firm becoming a company, or, lessee private limited company becoming a public limited company or vice versa, or, amalgamation of the lessee company with another company of the lessee, or, change of less than 50% partners in the lessee firm, or, change of name of company, instead of charging 50% unearned increase, only 5% of the amount of differential cost of the plot (i.e. the difference in the rate of plot at the time of original allotment and rate of plot at the time of transaction) will be charged as processing/administrative fees.

(c) Provided further that such transfers as in para (b) above will be allowed this benefit only if the majority of the promoters/directors of the company/firm continue to be the same as in the original lessee company/firm.

5.13. Setting up of more than one unit which are separately identifiable on the plot allotted to the lessee would be allowed, if the lessee, sets up the unit to manufacture new items (other than being already produced) under the same name. No transfer charges would be payable in such cases. However if the new unit is proposed to be set up by the lessee in the form of a new company/firm, 5% administration /processing charge would be levied as provided for in para 5.12 (b) above.

5.14 In the event of violation of any terms and conditions of these rules or that of agreement to lease, or regular lease deed/agreement the plot/shed shall be resumed by the Department as per the provisions of Eviction of Public Premises Act.

6. *Setting up of Industrial Area for Cluster of Entrepreneurs :*

6.1 Where 10 or more small scale prospective entrepreneurs approach the Government for undertaking an Industrial Group Development Scheme the Government may set up an Industrial area/estate exclusively for them at suitable places, taking into account, their specific requirements and needs, in an expeditious and time bound manner.

7. *Acquisition of Land for setting up of Industries :*

7.1 In order to facilitate the setting up of Industrial units in the Small Scale, Medium and Large Sector, the Department may also acquire land for an Industrial unit, as defined in the Land Acquisition Act, 1894, as amended from time to time for the purpose detailed in the said Act. The acquisition will be on such terms and conditions as the Department may decide. The entire cost of acquisition will have to be borne by the concerned unit.

8. *Power concessions :*

8.1 All new industrial units including medium and large scale industries set up in A, B & C category blocks where, specific incentives for electricity duty are not provided, will be entitled to pay concessional electricity duty @ 5 paise for a period of 1st 5 years from the date of commencement of commercial production. This incentive would be effective from the date of notification by the concerned department.

8.2 No electricity duty will be charged from all categories of industrial units, (new industrial units and existing units), on the power generated from their captive power generation sets/hydel plants from the appointed day.

9. *Sales tax incentives :*

9.1 **Sales tax concession.**—The Sales Tax concessions to all New Industrial Units (including Existing Industrial Units, where specific provision has been made only to the extent specifically provided for under these rules) would be admissible w.e.f. the appointed day. The incentives will however be operationalised, by the Excise & Taxation Department after notifications to be issued under the relevant Acts/ Law.

Eligibility :

- (a) The sales tax incentive (both CST & GST) as per the provision of Rule 9 will be made available to all the new industrial units set up in the State including SSSBE's as per provision of incentives notified in this Rule in any category of location, until or unless so specified or a separate provision made elsewhere under this or these rules.

Existing Industrial Units set up in Industrial Block which have commenced commercial production on or after 1-4-95 and before the appointed day and for whom a specific provision

has also been made in these rules will also be eligible for incentives in accordance to these specific provisions provided for such units under this rule.

- (b) New Industrial units including SSSBE's as notified in Annexure-III or as notified by the State Government from time to time, will not be eligible to avail the incentives as specified in this rule, if they are located in category 'C' blocks only.
- (c) The new industrial units including SSSBE's will be eligible for incentives notified under this rule, only if they are registered as a dealer under the Himachal Pradesh General Sales Tax Act, 1968/Central Sales Tax Act, 1956 (as amended from time to time), and comply with its provisions.
- (d) Incentives under this rule will be provided only on the sales of the goods manufactured by the units themselves.
- (e) When the period of tax concession as prescribed in the rules is exhausted the sales thereafter shall be subject to normal tax under the relevant Act.
- (f) The unit which is availing incentives under this rule, shall be required to apply and obtain an eligibility certificate from the Director of Industries/General Manager, District Industries Centre/Member Secretary, Single Window Agencies concerned, within a period of 90 days of commencement of commercial production, failing which the unit will not be eligible for any sales tax benefits provided for under these rules.
- (g) Existing Industrial units and New Industrial units as defined under these rules being taken over and then sold to new promoters will be governed by the provision of Rule 9.2 (d) of these rules.
- (h) In respect of Existing Industrial Units which have commenced commercial production on or after 1-4-95 and between the appointed day a concessional rate of GST/CST @1% as per provision of Rule 9.2 (1) would be charged with effect from the appointed day for the period of 12, 9 & 6 years in A, B & C blocks respectively. The period of eligibility of incentives would therefore be not counted from the date of commencement of commercial production in such cases. It would be counted effective from the appointed day :

Provided that such existing industrial units will not be eligible for this incentive if these units are manufacturing products/being listed in Annexure-III of the incentive rules in accordance to the list of units not eligible for Sales Tax in force at that time (when they commenced commercial production) except for item No. 40 (of that list Annexure-III), for which the value addition norm of 25% may be read as 14% in respect of such existing industrial units as provided for now in Rule 16.1 (b) (iv) of these rules.

9.2. (a) Quantum of entitlement.—A concessional rate of both CST/GST @1% shall be levied on products made by such eligible New Industrial Units (including existing industrial units set up in any Industrial Block which have commenced commercial production on or after 1st of April, 1995 and upto the appointed day) located in the State for the period as shown in the following table :

Category of Industrial block	Total time for which the concession will be available
1	2
A.	Upto 144 months from the date of commencement of commercial production.
B.	Upto 108 months from the date of commencement of commercial production.
C.	Upto 72 months from the date of commencement of commercial production.

(b) Industrial units (Existing and New Industrial Units) manufacturing items listed in Annexure-IV of these rules will be charged at the rate of 1% CST for a period upto 31-3-2000. The items appearing in this list appearing in Annexure-IV of these rules may be altered, varied or deleted by a Government Committee comprising of Department of Excise and Taxation, Finance and Industries.

(c) All raw material used by Existing and New Industrial Units including those listed in Annexure-III of these rules, set up in the State (except for item No. 5 of Annexure III) for use in captive manufacturing including packaging material so consumed, shall be charged a concessional rate of 1% for such purchases made for captive use within the State.

(d) In the event of an Existing Industrial Units and New Industrial Units, as defined in these Rules and located in any category of development block being taken over by Himachal Pradesh Financial Corporation and the Himachal Pradesh State Industrial Development Corporation, or any Scheduled Commercial Bank in Himachal Pradesh and subsequently be sold to new management/ promoters/Company (whose promoters/directors/managment are all new), sales tax incentives as provided for under clause 9.2 (a) of these rules will be made available but only for a period of upto 36 months from the date of their fresh re-commencement of commercial production, to be got certified from the Director, Industries/General Manager, District Industries Centre/Mamber Secretary, Single Window Agency. Rule 9.2 (b) will however keep on applying to such industrial units being taken over upto 31-3-2000. This incentive will be provided further subject to the condition that all previous liabilities of the unit so taken over and sold, pertaining the Department of Industries and of the Department of Excise and Taxation has been cleared and an NOC obtained from the concerned Department.

(e) In case of Existing Industrial Units and New Industrial Units manufacturing cement (including Pioneer Units but excluding Prestigious Units), they will be eligible for total exemption from payment of GST/CST on sales of their produce for a period of upto 31-3-2000, effective from date of notification to be issued under the relevant Acts.

10. Subsidy on Rate of Interest :

10.1 Small scale, Tiny units and small service business establishment (SSSBE's) availing term loan from State Financial Institutions/Scheduled Banks will be entitled to interest subsidy on the term loan as per the following table which will be reimbursed to the units through the concerned financial institutions. The interest subsidy will not be admissible on defaulted instalment due to the Financial Institutions and the period of default will be counted for calculating maximum ceiling of 5 years. Interest subsidy will be admissible for a period of first 5 years of the original repayment schedule finalised by the Financial Institution/Scheduled Banks at the time of sanctioning of loan.

TABLE

(a) For general category of Entrepreneurs (excluding special category Entrepreneurs) in A & B Category Blocks :

	Extent of interest subsidy	Time limit and maximum ceiling.
Tiny Units	5% subsidy on interest payable.	Maximum ceiling of Rs. 1 lac spread over the period of 5 years.
SSBE's	-do-	Maximum ceiling of Rs. 1 lac spread over the period of 5 years.
Small Scale Industry	-do-	Maximum ceiling of Rs. 1.5 lacs spread over the period of 5 years.

(b) *For special category Entrepreneurs in A & B category blocks only :*

	Extent of interest subsidy	Time limit and maximum ceiling
Tiny Units	8% subsidy on interest payable.	Maximum ceiling of Rs. 1.5 lacs spread over the period of 5 years.
SSBE's	-do-	Maximum ceiling of Rs. 1.5 lacs spread over the period of 5 years.
Small Scale Industry	-do-	Maximum ceiling of Rs. 1.5 lacs spread over the period of 5 years.

(c) *For all category of Entrepreneur in 'C' category Blocks :*

	Extent of interest subsidy	Time limit and maximum ceiling
Tiny Units	3% subsidy on interest payable.	Maximum ceiling of Rs.1 lac spread over the period of 5 years.
SSBE's	-do-	Maximum ceiling of Rs. 1 lac spread over the period of 5 years.
Small Scale Industry	Nil	Nil

(d) *For all category of Entrepreneurs setting up tiny units and SSI units which are also priority industries in A, B & C category blocks :*

	Extent of interest subsidy	Time limit and maximum ceiling
Tiny Units	8% subsidy on interest payable.	Maximum ceiling of Rs. 2 lacs spread over the period of 5 years.
Small Scale Industry	5% -do-	Maximum ceiling of Rs. 2 lacs spread over the period of 5 years.

10.2 The difference between actual rate of interest, on term loans chargeable by the Financial Institutions and the rate payable in the manner stated above, shall be reimbursed to the State Financial Institutions/Scheduled Banks by Director of Industries/General Managers, District Industries Centre as the case may be.

11. *Subsidy on Generating sets :*

11.1 Investment subsidy for installation of captive Diesel Generating Sets would be provided to the Industrial Units @ 15% of cost of Generating Set subject to a maximum of Rs.2 lakhs

for each. Eligible units would apply to the concerned G.M., DIC/Member-Secretary, Single Window Agency, for this subsidy. Subsidy amount of upto Rs.1 lakh would be sanctioned and disbursed at the District level.

12.^k Manpower Development :

12.1 Award scheme for employment :

Name of the Award	No. & description of awards for each category.
1. Unit providing maximum employment opportunities to Himachalis.	1st award comprising of Trophy, Certificate and cash award of Rs.25,000/-.
	2nd award comprising of trophy, certificate and a cash award of Rs.10,000/-.
	3rd award a commendation certificate.

12.2 (a) Private recruitment agencies (who obtain No Objection Certificate) from the Labour Commissioner-cum-Director Employment, Himachal Pradesh will be eligible for allotment of land in Industrial Area/built up space, wherever available, on the same terms and conditions as that for industrial units.

(b) Such agencies will be given two cash prizes of Rs.10,000/- and Rs. 25,000/- respectively each year in case of employing/facilitating employment of more than 100 and 300 bonafide Himachalis on regular basis, in industrial units in the State. A committee at District Level consisting of District Employment Officer, Labour Officer concerned and General Manager, District Industries Centre will recommend on yearly basis to the Director of Industries names of such agencies eligible for award, after satisfying themselves of the agency having so recruited the prescribed number of bonafide Himachalis.

(c) Industrial units organising recruitment camps outside the District of their location and where they conduct campus interviews in colleges, universities, technical training institutions located anywhere in the State shall be eligible for incentive for recruitment of bonafide Himachalis at the rate of Rs.100/- per candidates so employed by them on regular basis. Provided that the employment so made is verified by the District Employment Officer of the district where recruitments were made and counter verified by the General Manager, District Industries Centre/ Member-Secretary, Single Window Agencies, concerned from the records of the unit.

(d) Subsidy on manpower development will be given to the industrial units, which sends their workers (who are from identified Antyodaya & I.R.D.P. families) outside the State for technical training for upgradation of their skills to a Government recognised institution or registered/licensed unit. This subsidy will be given provided that the unit gives an undertaking to the effect that all such trained workers will continue to be employed by them after their training for a period of at least 3 years. 50% of the actual cost of training, with upper ceiling limit of Rs. 5000/- per trainee will be reimbursed subject to a maximum of Rs.25000/- per unit, for the period of training.

13. *Price Preference in Government/Semi-Government Organisations :*

13.1 The products of SSI units manufactured in Himachal Pradesh shall be entitled to price preference of upto 15 per cent in respect of purchases effected by Government Departments, and semi-government organisations.

13.2 A similar price preference upto 3 per cent shall be available to the products of medium scale units, manufactured in Himachal Pradesh.

14. *Incentives to special Categories of Entrepreneurs for setting up Tiny and S.S.I. units :*

14.1 Special categories viz. Scheduled Castes, Scheduled Tribes, women, ex-servicemen, physically handicapped (i.e. entrepreneurs with a handicap of more than 50%), Antyodaya and I.R.D.P. families entrepreneurs setting up new units will be entitled to the following additional incentives/facilities which will be over and above the incentives/facilities admissible elsewhere in these rules, unless so specified:—

- (a) *Subsidy for Capital Investment.*—10% special investment subsidy on fixed assets subject to a maximum of Rs. 75000/- per unit shall be allowed to such entrepreneurs out of State funds, for establishment of tiny units. For Priority Units being set up by such category of entrepreneurs provision of rule 16.2 (ii) will apply.
- (b) Margin money loan will be provided @1% on loan amounts which is equal to the promoters equity and which will not exceed 10% of the project cost or Rs.50,000/- whichever is less, to such entrepreneurs.
- (c) Interest subsidy as per provision of rule 10 for these category of entrepreneurs will be provided.
- (d) 90% subsidy shall be given on the preparation of feasibility reports subject to a maximum of Rs.25,000/- in each case to such entrepreneurs.
- (e) 100% subsidy shall be provided for the carriage and installations of machinery to such entrepreneurs.
- (f) Subsidy on cost of plots/rental sheds will be provided to such entrepreneurs, so as to charge them only 40% of the assessed cost of such plots/rental of sheds, payable and fixed in accordance to the provision of Rule 5 only after commencement of production.

15. *Incentives to Non-Resident Indians (NRIs) :*

15.1 The Non-Resident Indian's (NRI's) setting up new units in the State shall be entitled to the following facilities in addition to the incentives for industrial units as provided for in these rules:—

- (a) Out of turn allotment of land in the Industrial areas being promoted by the Department of Industries or any Corporation of the State Government.
- (b) Non-Resident Indian's projects will be given expeditious approval/clearance by the Department in case of medium and large scale projects within the over all policy of the Government.
- (c) Managing Director, Himachal Pradesh Financial Corporation/Himachal Pradesh State Industrial Development Corporation will expedite approval of NRI's loan cases subject to the prescribed norms.

(d) Subsidy of consultancy fees as per provision of Rule 3.2 (d) will also be provided.

Note.—The Non-Resident Indian (NRI's) promoter (s) must have the majority ownership of the company/unit.

16. *Priority Industries :*

16.1 New industrial units, falling under Priority industries given in Annexure-II shall be eligible for the following incentives package unless so specified or a separate provision made elsewhere under this or these rules. Provided they also meet the minimum employment criterion in accordance to the definition of Tiny, Small, Ancillary, Medium or Large scale units as laid down in these rules:—

16(1) (a) Priority industries shall be entitled to out of turn allotment of plots/shed in Industrial Areas/Estates. Specified priority industries to be located as per Annexure-V, shall be eligible for reimbursement/adjustment of cost of land/rental of sheds in respect of such allotments of land in Industrial area/estates, as provided for units set up in Industrial area/estates in category "A" blocks, in accordance to provision of Rule 5.

(b) (i) Such priority, New Industrial units, as listed in Annexure-II of these rules except electronic industry including computer software, (item No.2 of the Annexure-II for which a separate provision exists) located in A, B & C category of development blocks shall be eligible for sales tax exemption, both CST and GST for a period of 10 years from the date of commencement of commercial production. This incentive exemption from payment of GST/CST, will not be made available to such units manufacturing items listed in Annexure-III of these rules, if they are located in 'C' category of development blocks only.

(ii) For New Electronic industry including computer software listed in Annexure-II located in category A & B blocks only, sales tax exemption, both CST/GST will also be available for 10 years from the date of commencement of commercial production.

(iii) For new electronic industry including computer software (except items listed in annexure-III) located in category 'C' blocks only, including Pioneer and Prestigious units set up in 'C' category block, sales tax exemption, will be available for 5 years from the date of commencement of commercial production. For another extended period of 5 years, they will be charged CST & GST at 50% of the applicable tax rate. For new electronic industry listed in Annexure-III, no sales tax incentives would be admissible if located in 'C' category block.

(iv) Existing units, located in any category of development block, which have commenced commercial production on or after 1-4-91 and which are already engaged in assembly of electronic items (excluding TV assembly, Radio assembly, VCR/ VCP assembly), where value addition done as per norms laid down by Government of India is more than 14% will also be eligible for the incentives of CST/GST exemption for a period of 10 years but only for the balance period effective from the date as provided for in the notification.

16.2 State Investment Subsidy shall be admissible to such industrial units commencing commercial production on or after the appointed day subject to the following:—

(i) The cost of plant and machinery of the eligible unit shall not exceed the limit prescribed in the definition of Tiny units as prescribed by Government of India from time to time.

- (ii) Units established in category 'A' and 'B' blocks shall be entitled to a subsidy of 15% and 10% of the project cost subject to a maximum ceiling of Rs. 75000/- and Rs. 50000/- respectively. This ceiling would be Rs. 1,25,000 and Rs. 1,00,000 in A&B blocks respectively in respect of special category entrepreneurs. This State Investment subsidy will be over and above the Central Investment subsidy, the unit may be entitled to, in case Central Investment subsidy is available.

Note.—Sanction and disbursement of investment subsidy shall be governed by the provisions of Central Investment Subsidy Manual.

16.3 Such priority Industries, manufacturing and bottling mineral water using captive water source will be exempted from the payment of royalty (if any) leviable, on account of use of such water, for captive use of manufacturing and bottling of their end product, for a period of 10 years from the date of commencement of commercial production.

16.4 Such Tiny and Small scale industries, will be provided interest subsidy in accordance to provision of Rule 10.1 (d). The interest subsidy will be administered in accordance to Rule 10.

16.5 Such Priority units will be governed by the provisions of these rules as applicable to New Industrial units, in respect of those incentives not covered specifically under this rule (Rule 16), unless so specified.

17. *Scheme for Sick Units :*

(a) The Director may carry out or get carried out from suitable consultancy organisations (s) diagnostic and rehabilitation studies of the identified sick units, with a view to chalking out a rehabilitation programme for such units on their request. Provided that expenditure on such studies shall be restricted upto a maximum of Rs. 5000/- per unit.

(b) Department of Industries would reimburse interest rebate of 3% on additional loan element only of the revival proposal to be administered through Financial Institutions for rehabilitation of selected units during the nursing period as specified in the rehabilitation plan. This would be subject to the condition that such reimbursement would be made to the financial institution only upto a maximum ceiling of one lacs spread over a period of three only against a declaration that no penal interest has been charged from the unit in question during the period for which the claim is made.

(c) The units selected for rehabilitation would be taken on parallel rate contract for their item of manufacture under the State purchase Programme without participation in tenders for a period of three years on recommendation by Director of Industries.

(d) The unit selected for rehabilitation may be given or recommended for out of turn allocation of raw materials, upto 25% in excess or of their normal allocation.

(e) Margin money scheme to sick units, wherein margin money of upto Rs. 50,000 is being provided to such sick units, would be available to tiny units only and not for small or medium/ large scale units.

18. *Incentives for Promotion of Exports :*

18.1 Export Oriented Units, (EOU's) shall be entitled to the following incentives, which will be over and above the incentives/facilities, admissible to industrial units in the State as mentioned elsewhere under these rules, provided they also satisfy the applicable minimum criterion, as laid down under clause 2 (x) 'Definitions' of these rules.

18.1 (a) *Assistance for shipment of export samples to Small Scale Units :*

The Department of Industries would reimburse costs incurred by SSI Units for shipment of export samples from nearest port/container depot to the port of destination, subject to a maximum of Rs. 5,000/- per consignment of samples and a total of Rs. 20,000/- per undertaking in any single financial year. The Director of industries would be authorised to sanction and disburse assistance under this scheme.

(b) *Market, development assistance :*

(i) 50% of the cost of publishing Export marketing brochures and products literature incurred by industrial units subject to maximum of Rs. 5,000/- per unit per year shall be reimbursed by Director of Industries.

(ii) 50% of the cost of participation in relevant overseas trade fairs approved by the Trade Fair Authority of India/State Government shall be reimbursed by Director of Industries to the S. S. I. units upto a maximum of Rs. 10,000/- per unit per event. Assistance to any unit during one financial year shall not exceed Rs. 15,000/-.

18.2 Such EOUs will be exempted from peak load restrictions by HPSEB

18.3 100%, Export oriented units as defined in these rules shall be eligible for grant of Public Utility Status under the Industrial, Disputes Act, 1947.

18.4 Units exporting their entire production (100% EOU's as defined under these rules) will be exempted from the payment of Electricity duty for a period of 5 years from the date of commencement of production.

18.5 Wherever available the Department of Industries may allot land/built up area to recognised trading houses and export promotion councils set up in the State, and engaged in the export of produce of Himachal Pradesh in accordance to provision made in rule 5.

19. *Incentives for Prestigious Units :*

19.1 *Eligibility Criterion for Grant of Prestigious Unit Status :*

Any unit, in order to be eligible for being classified as prestigious units as defined in these rules and incentives and facilities thereof will be further subject to the condition that—

(a) The unit shall have fixed capital investment of Rs. 75 crores (Seventy Five cores) or more and shall be:—

- (i) either based on local raw-materials, or
- (ii) carry out value addition of 50% or more, or
- (iii) they undertake to export (outside the country) 50% or more of its production, or
- (iv) in the opinion of the empowered committee, as defined in these rules, deserves to be considered as Prestigious Unit.

(b) The unit shall employ at least 200 workers or 50% (whichever is more), of their total manpower, who are bonafide Himachalis, on regular basis and have representation in all categories, and the unit shall follow the provisions for recruitment laid down under the employment policy of the State Government and comply with the provision of rule 22.

(c) Any unit coming into commercial productions in the State on or after the appointed day and registered with the Empowered Committee, as per the prescribed procedure laid down in rule 22 and meeting the eligibility criterion laid down under this rule, will be given Prestigious Status under this scheme. However, existing units in the State, having investment of more than Rs. 75 crores will not be counted for grant of prestigious status under this scheme.

Provided that the list of units not eligible for sales tax incentive, as referred to in rule 9 of these rules, and listed in Annexure III to these rules, will not apply to such Prestigious Units in A & B category blocks. In 'C' category blocks, sales tax incentives would be admissible to units manufacturing items listed in Annexure-III also except in the case of items listed, at Sr. No. 22 namely Breweries, distilleries, non fruit based wineries bottling plants both for county liquor and I. M. F. L. and, at Sr. No. 5 namely all units producing goods based on raw material such as Khair, resin and cedar wood, stumps and production of firewood & charcoal and power intensive units, where the cost of power input is high or may be fixed/defined by the empowered committee except for industries which may have captive power generation plant, in whose case, the condition of power will not apply.

20.2 Incentives to Prestigious Unit (Commencing commercial production after the appointed day).

20.2.1 Sales Tax Incentives :

(a) The following sales tax incentives irrespective of list of industries notified in Annexure III to these rules, (except for such units located in any category of block manufacturing Cement for which a separate provision has been made and items listed at Sr. No. 22 and Sr. No. 5 if such units are located in 'C' category blocks only namely Breweries, distilleries, non fruit based wineries and bottling Plants both for county made and Indian made foreign liquors (IMFL) and all units producing goods based on raw material such as Khair, resin and cedar wood) stumps and production of firewood and charcoal respectively and power intensive units where the cost of power input is high or as may be fixed/defined by the empowered committee) shall be admissible to Prestigious units commencing commercial production on or after the appointed day. Provided further that such units are registered as a dealer under the Himachal Pradesh State General Sales Tax Act, 1968/Central Sales Tax Act, 1956 and comply with its provisions. However, these shall be available only on the sales of the goods manufactured by these units. For prestigious units manufacturing Electronic goods provision of Rules 16.1 (b), sub-para (ii) & (iii) will apply.

(b) Quantum of Entitlement :

(i) Sales Tax exemption (both Central Sales Tax and General Sales Tax) shall be available to the Prestigious Units, located in the State for a period of 5 years and a concessional rate of 1% CST/GST for periods as specified hereinafter.

TABLE

Category of Industrial Block	Period of exemption of GST/ CST w. e. f. the date of commercial production	Period of concessional rate of GST/CST (of 1%) for the next block of
1	2	3
A	5 years	7 years
B	5 years	4 years
C	5 years	2 years

20.2.2 Exemption from payment of Electricity Duty :

Prestigious units, set up in the State which commences commercial production after the appointed day shall be exempted from the payment of Electricity duty as follows:—

Category of Industrial Block	Period of exemption (from the date of commencement of commercial production)
1	2
A	8 years
B	6 years
C	4 years

20.2.3 Power Tarrif Freeze :

Enhancement of power tarrif of such Prestigious industrial units located in 'A', 'B' and 'C' category industrial blocks will be regulated as follows, subject to a maximum ceiling as indicated hereunder:—

Category of Industrial Block	Period w. e. f. the commencement of commercial production.
A	5 years (subject to a maximum ceiling of Rs. 2 lakhs per year).
B	3 years (subject to a maximum ceiling of Rs. 1.5 lakhs per year).
C	2 years (subject to a maximum ceiling of Rs. 1 lakh per year).

The amount paid as a result of any increase in the industrial power tarrif after the date of commencement of commercial production will be reimbursed through the department of Industries as per the above norms.

The formula for calculating the increase in power tarrif, to be reimbursed will be as follows:—

(Rate of electricity per unit billed.) .. (Rate of electricity as on date of commencement of commercial production).

Actual units consumed .. Total amount of reimbursement claimable subject to maximum ceiling as prescribed.

Power tarrif to be so reimbursed will not include any other charge/surcharge/peak load charges/fuel adjustment charges etc. levied by the competent authority.

20.2.4 Provided that in case of Prestigious Unit being a priority unit also, it will be entitled to the benefits, as per its eligibility under rule 16.1 (b) as regards Sales Tax incentives. However

in respect of other incentives (excepting Sales Tax incentives) such Prestigious Units will be governed by the provisions of this rule (Rule 20).

20.2.5 Joint ventures with foreign collaboration, eligible for grant of Prestigious Unit Status and as defined in Rule 2.1 (v), will also be entitled for the grant of Public Utility Status under the Industrial Disputes Act, 1947.

21. Special Incentives to Pioneer Units :

21.1 Eligibility Criterion for Pioneer Unit :

Pioneer units as defined in these rules will be eligible for grant of special incentives, as provided for under this rule only, if :

(a) They are set up in category 'A' & 'B' blocks in the State.

(b) If a pioneer unit is located in category 'C' blocks, no incentives will be provided to the unit manufacturing items listed in Annexure-III.

(c) For Pioneer Units manufacturing Electronic goods including computer software located in any category blocks provisions of rule 16.1 (b) sub-para (ii), (iii) and (iv) will apply as regards Sales Tax incentives. For such units incentives, other than sales tax, as provided for under these rules, shall be made available.

(d) Provided that as regards registration/approval procedure thereof, the provisions of rule 22 shall also apply to such units.

21.2 Incentives for Pioneer Units :

21.2.1 Sale Tax Incentives :

(a) The following sales tax incentives shall be admissible to pioneer units, as defined under these rules and which are also registered as a dealer under the Himachal Pradesh General Sales Tax Act, 1968/Central Sales Tax Act, 1956 and comply with its provisions.

(b) Sales tax exemption (both GST & CST) shall be available to the pioneer units located in the State, subject to the condition specified hereinafter:—

Category of Industrial Block	Period of exemption of GST/CST from date of commencement of commercial production
1	2
A	144 months.
B	108 months (120 months in case of Pioneer unit being a priority unit also.)
C	84 months (120 months in case of Pioneer units being a priority unit also except priority units manufacturing Electronic goods including computer software for which provision of Rule 16.1 (b) sub-para (ii), (iii) & (iv) will apply.

21.2.2 Exemption from payment of Electricity duty :

Pioneer unit, set up in the State shall be exempted from the payment of Electricity duty as follows :

Category of Industrial Block	Period of exemption. (from the date of commencement of commercial production)
A	10 years
B	8 years
C	5 years

21.2.3. Power Tariff Freeze :

Enhancement of power tariff of such Industries granted Pioneer Status located in the 'A' and 'B' category industrial blocks will be regulated as follows for the Pioneer Units. The amount paid as a result of any increase in industrial power tariff after the date of commencement of commercial production will be reimbursed through the Department of Industries as per the norms given in the following table:—

Category of Industrial Block	Maximum period and connected load upto which eligible w. e. f. date of commencement of commercial production.
A	4 years subject to the unit having a maximum connected load of upto 750 KW only.
B	3 years subject to the unit having a maximum connected load of upto 500 KW only.

The formula for calculating the increase in power tariff to be reimbursed will be as follows:—

(Rate of electricity per unit billed) .. (Rate of electricity as on date of commencement of commercial production).

X Actual units consumed .. Total amount of reimbursement claimable.

(Subject to maximum connected load as prescribed above).

Power tariff to be so reimbursed will not include any other charge/surcharge/peak load charges/fuel adjustment charges etc. levied by the competent authority.

21.2.4 Interest Subsidy :

Pioneer units availing term loan through the State Financial Institution/Scheduled banks, shall be eligible for claiming interest subsidy @3 % for a period of 7 years and 5 years in category 'A' & 'B' blocks respectively on the term loan availed by such unit subject to maximum overall ceiling, spread over this eligibility period, of Rs. 15 lakhs & 10 lakhs in category 'A' & 'B' blocks respectively. This subsidy shall not be admissible on defaulted instalment. The period of default

will also be counted for the purpose of calculating the maximum eligibility period. The difference between actual rate of interest on term loan chargeable by the Financial Institution and the rate payable in the manner stated above, shall be reimbursed to the Financial Institutions/Scheduled Banks by the Department of Industries, on claims preferred by the promoters of such units, through the concerned term lending Financial Institutions.

21.2.5 *Price preference on purchases made by Government/Semi Government Organisations :*

The products manufactured by such Pioneer Units, in the State shall be entitled to a price preference of upto 7%, 4% and 3% in respect of units located in category "A", "B" and "C" blocks respectively.

21.2.6 *Land and allotment thereof :*

For the allotment of land to such Pioneer Units in industrial areas/estates, set up by the Department of Industries the provisions of Rule 4, 5, 6 and 7 of these incentive rules shall also apply, subject to the condition that the land is available and that the maximum area ceiling as prescribed in rule 5.1 will not apply in the case of Pioneer Units, in whose case the following ceilings for allotment of land in departmental areas/estates will apply:—

'A' block	10 acre.
'B' block	6 acre.
'C' block	2 acre.

21.2.7 For Units which may fall under the category of a Pioneer Unit, as defined above which also falls under the definition of a Prestigious Unit, the incentives available to Prestigious Units only will be made available to such pioneer units.

In case of other incentives to which a pioneer unit may be eligible under the existing rules, the same shall be applicable from the date of commencement of production until or unless so specified under these rules.

21.2.8 Provided further that if a pioneer unit manufacturing Vanaspati has also set-up captive refining facility for the manufacture of refined oil, the incentives for the specified period available to pioneer units will also be admissible on refined oil produced to the extent of 25% only of the installed capacity of Vanaspati, subject to a maximum of 25 T. P. D. or only on one third to the actual quantity of Vanaspati Ghee, produced by that unit, whichever is less.

22 *Procedure for Setting up of Prestigious/Pioneer Units and Functions of the Empowered Committee:*

22.1 Empowered Committee will be a committee constituted for the purpose of according Pioneer and Prestigious Unit Status, and fixing the norms of eligibility as per the criterion laid out in their respective definitions and these rules. This Committee will be headed by Secretary (Industries) and consist of Managing Director H. P. F. C., Managing Director H P S I D C Chief Engineer (Commercial) H P S E B, Member Secretary of the State Pollution Control Board, Excise & Taxation Commissioner, Chief Inspector of Factories, Manager, Industrial Development Bank of India at Shimla and Director of Industries as Member-Secretary.

22.2. The eligibility for registration before the empowered Committee, as defined in these rules and its functions will be as per the following parameters/guideline:

- (1) Evaluate the eligibility of the applicant unit, as per the eligibility criterion laid down for the grant of Prestigious/Pioneer Status as the case may be.

- (2) Evaluate on merits and as per the criterion laid down the application of eligible units already accorded IPARA approval by the Government or who hold separate valid license or registration or modification in the existing license or registration or Letter of Intent, as may be required but have not gone into commercial production.
- (3) Evaluate such proposal, received from units holding valid licenses where Industrial License is required under compulsory license scheme.
- (4) Recommend and finalise the grant of eligibility certificate to Prestigious/Pioneer Units.

22.3 Director of Industries, while issuing an eligibility certificate to Pioneer/ Prestigious unit will also issue a certificate certifying the number of people employed, and that the such people have been recruited from the *bonafide* residents of Himachal Pradesh. Provided that while issuing such certificate, if it is found that a particular category of skilled/unskilled persons, is not available from employment exchanges/Central employment cell, at a particular point of time, a no objection certificate for recruitment for a specific period of time shall be issued by Director of Industries, in consultation with the Labour Commissioner, Himachal Pradesh.

22.4. The applications in the prescribed forms for setting up of Prestigious Unit/Pioneer Units will be made for the consideration of the Industries, who will then put these up for the consideration of the Industrial Project Approval and Review Authority. After industrial project approval and review authority clearance, the same application will be considered by the Empowered Committee. The decision of the Empowered Committee will be final.

The Empowered Committee, while according approval for registration, will specify the date by which the unit shall commence commercial production. This will be done on the basis of the proposed detailed implementation schedule submitted alongwith the application form. Provided that the Empowered Committee, in certain cases where it deems fit and depending upon the merits of each case, extend the duration, by a reasonable time where at least 80% of the project execution work has already been completed.

23. Incentives for Fruit, Vegetable, Maize and other Grain Based Units :

New Industrial Units which are either Fruit, Vegetable, Maize and other grain based units or a combination of these shall be accorded priority status and therefore entitled to all the incentives as per the provisions of Rule 16. However the following additional incentives will be given to such New Industrial Units including cider and wine manufacturing units coming into commercial production on or after the appointed day.

23.1 Sales Tax Incentives :

The following sales tax incentives shall be admissible to such units which are registered as a dealer under the Himachal Pradesh State General Sales Tax Act, 1968/Central Sales Tax Act, 1956 and which comply with its provision. However these shall be available only on the sales of the goods manufactured by the units.

(b) *Quantum of Entitlement :*

Sales Tax exemption (both General Sales Tax and Central Sales Tax) shall be admissible to such units, located in the State, subject to the conditions specified hereinafter:—

TABLE

Category of Industrial Block	Period of exemption of GST/CST from date of commencement of commercial production (in years)
A	12 years
B	10 years
C	10 years

Provided that if such unit also qualifies to be a pioneer unit or a Prestigious unit as defined under these rules, such processing unit will be governed by the provision of rules as applicable to such units under this rule. In other words in respect of such units being Prestigious or Pioneer units, incentive package as provided for under rule 23 only will be made available.

23.2 *Exemption from payment of Electricity duty :*

Such units, set up in the State shall be exempted from the payment of Electricity duty as follows:—

Category of Industrial Block	Period of exemption (from the date of commencement of commercial production).
A	12 years
B	9 years
C	7 years

23.3 *Power Tariff Freeze :*

Enhancement of power tariff of such industries located in "A", and "B" category industrial blocks will be regulated as follows. The amount paid as a result of any increase in Industrial Power Tariff after the date of commencement of commercial production will be reimbursed through the Department of Industries as per the norms in the following table:—

Category of Industrial Block	Maximum ceiling period w. e. f. date of commercial production
A	6 years subject to a maximum ceiling of Rs. 3 lacs per year.
B	4 years subject to a maximum ceiling of Rs. 3 lacs per year.

The formula for calculating the increase in power tariff to be reimbursed will be as follows:—

Rate of electricity per unit billed	—	Rate of electricity as on date of commencement of commercial production.
X Actual units consumed	..	Total amount of reimbursement claimable.

Power tariff to be reimbursed will not include any other charge/surcharge/peak load charges/fuel adjustment charges etc. levied by the competent authority.

23.4 Interest Subsidy :

23.4.1 Such units availing term loan and working capital through the State Financial Institutions and scheduled banks respectively shall be eligible for claiming interest subsidy of 10% subject to a ceiling of Rs. 50 lacs per unit per annum for a period of 5 years set up in any part of the State:

23.4.2. Provided further that where such unit crushes/processes a minimum of 3,000 T. P. A. of fruit, vegetable, maize or other grains procured locally from within the State, this ceiling will be Rs. 75 lacs:

23.4.3 Provided further that this interest subsidy will not be admissible on defaulted instalments due to the financial institution, and the period of default will also be counted for calculating the eligible period as per the original repayment schedule as finalised by the Financial Institution/scheduled banks at the time of sanctioning of loan.

23.5 Subsidy for Market Promotion :

Costs incurred by such units for promoting their product by way of:—

- (a) Printing of the literature including brochures, publicising the product being manufactured by the unit.
- (b) Advertisement on Radio/TV/Newspapers/Journals including costs of momento's hoardings and banners.
- (c) Participation in Exhibitions/Trade fairs, approved by the State/Central Government/Trade Fair Authority of India, both within and outside the country.
- (d) The product processed from within the State will be entitled to maximum subsidy of Rs. 10 lacs as one time payment. Quantum of subsidy payable for unit processing less than 3000 TPA of fruit, vegetable, maize or other grains will be determined by the empowered committee keeping in view the quantity processed. The empowered committee may also consider eligible a number of units marketing products jointly under common brand name, co-operative and any other form of consortium for the grant of this incentive. The cost of distribution of free samples during test marketing will also be eligible for reimbursement within this ceiling.

23.6 Subsidy on cost of packaging machinery :

Such units, installing packing line and machinery for this purpose thereof, shall be provided 25% subsidy on actual landed cost of packing machinery, subject to a maximum ceiling of 20 lakhs per unit, on claims preferred by the promoters. Sanction and disbursement of investment subsidy for all other aspect shall be governed by the provisions of Central Investment subsidy manual.

23.7 Investment Subsidy on Plant and Machinery :

Fruit, vegetable, maize and other grains Processing projects processing at least 3000 T. P. A. procured locally from within the State will be entitled to an investment subsidy 25% on cost of plant and machinery installed only subject to a maximum ceiling of Rs. 75 lakh per unit. Sanction and disbursement of subsidy shall be governed by the provision of Central Investment Subsidy Manual.

24. Award Scheme for Exports, Productivity, quality and Outstanding Performance in Handicraft & Handloom Sector :

All industrial units, set up in the State will be eligible for applying for the following awards to be given by the State Government every financial year :

Name of the Award	No. & description of awards for each category
1. Outstanding performance in Export.	1st award comprising of Trophy, Certificate and cash award of Rs. 25,000/-
2. Excellence in productivity, quality and performance.	2nd award comprising of trophy, certificate and a cash award of Rs. 10,000/-
3. Outstanding performance by units in handicrafts & hand-looms sector.	3rd award a commendation certificate.

25. Incentives to Prestigious Cement Units :

25.1 Sales tax exemption of both CST & GST shall be available as follows in category A, B & C blocks respectively to new Prestigious Cement Units.

Category of Industrial Block	Period of exemption of GST/CST w. e.f. the date of commencement of commercial production	Period of deferment GST immediately after the period of exemption is over. The amount so deferred each year of eligibility period will be repayable to the Government after every two years.
A	5 years	7 years
B	5 years	4 years
C	5 years	2 years

25.2 Power Tariff Freeze :

Enhancement of power tariff of such New Prestigious Cement Units granted Prestigious Cement Unit status located in "A", "B" & "C" category industrial block will be regulated as follows :

Category	Period of commencement of commercial production	Maximum ceiling on Amount
A	6 years	Increase in power tariff of 15% annually will be absorbed by the unit themselves. If the power tariff increases by more than 15% over the rate prevalent previously to such hike, the unit will be eligible for reimbursement of amount greater than 15% of such increase only.
B	4 years	
C	3 years	

The formula for calculating the increase in power tariff to be reimbursed will be as follow :

$$[a - 1.15 b] c$$

= 'Total amount of reimbursement claimable by such units.

Where :

- (1) 'a' is increased rate of electricity per unit billed.
- (2) 'b' is rate of electricity per unit as on date of commencement of commercial production or rate prevalent prior to the increase in tariff, whichever, is later.
- (3) 'c' is actual number of units claimed and consumed between the period of tariff increase (and for which no reimbursement has been claimed earlier).

Power tariff to be so reimbursed will not include any other charge/surcharge/peak load charges/fuel adjustment charges etc. levied by the competent authority.

25.3 Exemption from payment of Electricity Duty :

Prestigious Cement Units, set up in the state shall be exempted from the payment of Electricity duty subject to a maximum ceiling prescribed as follows:—

Category of Industrial Block	Period of exemption from the date of commencement of Production.
A	5 years
B	3 years

26. Incentives for Quality, Productivity and Technology upgradation and Pollution Control Devices :

(i) Existing Industrial units and New Industrial units, obtaining ISO 9000 and ISO 14000 series certification would be eligible for reimbursement of upto 50% of the costs incurred, in installation of equipment/instruments, appliances and apparatus required for certification subject to a maximum ceiling of Rs. 750000/- per unit.

(ii) Existing Industrial units and New Industrial units setting up Testing Laboratories for quality control of industrial finished products and raw materials will be eligible for reimbursement of upto 25% of the costs incurred for setting up of this captive laboratory subject to a maximum ceiling of Rs. 1 lac per unit. This ceiling would be Rs. 20 lacs. For common Testing Laboratory set up by registered private organisations, voluntary organisations or industrial units benefitting more than 20 industrial units.

(iii) For any technology innovation/research and development by any individual industry for which a Patent has also been obtained from the concerned regulatory authorities, the State Government will provide subsidy upto 50% of the costs incurred subject to a maximum ceiling of Rs. 50000/- in each case.

(iv) Technology transfer cells set up by registered/approved NGO's/Societies, will be provided 25% subsidy on fixed assets created subject to a maximum ceiling of Rs. 5 lakhs. This subsidy will however only be provided after the cell has successfully assisted technology transfer to at least 10 industrial units set up in the State.

(v) Existing Industrial units and New Industrial Units will be provided subsidy to the extent of 20% of their cost of installation of modern pollution control devices subject to a maximum ceiling of Rs. 3 lakhs in each case.

For the purpose of grant of these incentives the units will in addition :

- (a) Satisfy Director Industries or any officer authorised by him that the equipments are essential for the purpose for which the incentive is being given and have been actually purchased and installed for the first time, and are functional.
- (b) The units/societies/NGO's are registered and approved by competent authority under law and have started operation and operated successfully for at least one year.
- (c) The claimants of incentives give an undertaking that they will continue functioning for a period of 5 years from the date of receipt of benefits and from the same premises.
- (d) No replacement of equipment etc. would be eligible for subsidy.
- (e) The applicant/claimant shall keep a separate record of purchase, maintenance and upkeep of the assets/testing equipment.
- (f) In case of violation of any of the conditions mentioned above, the applicant shall be liable to refund the incentive alongwith interest at the rate of 18% per annum. The amount to be so ordered to be refunded shall be recovered as an arrear of land revenue.

27. Power to amend and/or relax/repeal any or all provisions of the scheme.—Notwithstanding anything contained in any of the provisions of this incentive scheme, the State Government may at any time :

- (i) make any amendment to this scheme, or repeal it.
- (ii) make any relaxation in applying the provisions of this scheme but such relaxation shall be made on the merits of the approved project in each case, as the State Government may consider necessary and appropriate.
- (iii) impose any condition in addition to the provisions of this scheme, or restrict the incentives depending on case to case basis and on the nature of the project, as the State Government may consider necessary and appropriate.
- (iv) in case of any dispute arising out of interpretation of above incentives, the same will be referred to the Secretary (Industries) to the Government of Himachal Pradesh, whose decision shall be final and binding on all. In special cases, the Government may set up a committee and refer any particular dispute to it for final decision.

All incentives enumerated above and notified by the State Government will be received, processed by the General Manager, DIC/Member Secretary, Single Window Agency concerned. Where eligible incentive amount exceeds Rs. 1 lakh in any of the incentives enumerated above they will be sanctioned by the State Level Committee. Upto Rs. 1 lakh all cases of incentives will be sanctioned within a period of 14 days from the date of receipt of application, complete in all respect, by the District Level Committee concerned.

“ANNEXURE-I”

(As referred to in rule 4).

Category “A” Industrial Areas/Estates

Bilaspur :

Jhandutta block.

Chamba :	Tissa block. Salooni block. Bhattiyat block. Mehla block. Pangi block. Bharmour block. Chamba block.
Hamirpur :	Bijhari block. Nadaun block. Bhoranj block. Sujanpur block.
Kangra :	Lambagaon block. Baijnath block. Mangwal block. Dehra block. Bhawarna block. Paragpur block.
Kullu :	Anni block. Nirmand block. Banjar block. Naggar block.
Mandi :	Rewalsar block. Gopalpur block. Darang block. Chauntra block. Seraj block. Karsog block. Dharampur block. Chachiot block.
Sirmaur :	Pachhad block. Shillai block. Sangrah block. Rajgarh block.
Una :	Bangana block.
Shimla :	Rohru block. Chopal block. Chhohara block. Rampur block. Jubbal block. Kumarsain block. Basantpur block.
Lahoul and Spiti :	Keylong block. Kaza block.
Kinnaur :	Kalpa block. Nichar block. Pooh block.

Category "B" Industrial Areas/Estates

- Bilaspur : (i) Bilaspur Sadar block.
(ii) Ghurnarwin block.
- Hamirpur (i) Hamirpur block.
- Kangra : (i) Kangra block.
(ii) Rajt block.
(iii) Nagrota Bagwan block.
(iv) Punchrukhi block.
(v) Fatehpur block.
- Mandi : (i) Mandi Sadar block.
(ii) Sundernagar block.
- Shimla : (i) Theog block.
(ii) Kusumpti-Suni block.
- Solan : (i) Kandaghat block.
(ii) Kunihar block.
- Una : (i) Amb block.
(ii) Gagret block.
- Kullu : (i) Kullu block.

Category "C" Industrial Areas/Estates

- (a) District Solan : (i) Dharampur block.
(ii) Nalagarh block.
(iii) Solan block.
- (b) District Sirmour : (i) Paonta Sahib block.
(ii) Nahan block.
- (c) District Una : (i) Una block.
- (d) District Kangra : (i) Indora block.
(ii) Nurpur block.

In addition, industrial units coming up in the areas notified under the cities, Urban agglomeration/Towns, notified by the State Government from time to time and falling in these blocks will be covered under these respective categories of blocks and will also be eligible to avail the incentives being given under these rules.

ANNEXURE-II

PRIORITY INDUSTRIES

(As referred to in Rule 16 of these rules)

1. Agriculture-Horticulture produce based industries including food products and mineral water bottling (Except items listed in Annexure III).

2. Electronic industry including Computer software except units engaged in TV assembly, radio assembly, VCR/VCP assembly and assembly of electronic items where value addition done as per norms laid down by Government of India is not more than 14%.
3. Herbal produce based industries and Aromatic industries.
4. Wool based industry (including Angora wool).
5. Sericulture.
6. Manufacture of Garments and knitwears.
7. 100% Export oriented units (as defined in clause 2.1) of incentive rules.
8. Units with fixed capital investment of more than Rs. 300 crores going into commercial production on or after 1-4-95 except units manufacturing items listed in Annexure III and which are registered with the Empowered Committee after 31-3-95, in accordance to the procedure laid down in Rule 22.

LIST OF UNITS NOT ELIGIBLE FOR SALES TAX INCENTIVES ONLY

ANNEXURE-III

(As referred to in clause-9 of these rules).

1. Flour Mills.
2. Cotton ginning.
3. Rice Mill, Pulse and Cereal Mill, Spice Mill.
4. Rice sheller.
5. All units producing goods based on raw material such as khair, resin and cedar wood/ stumps and production of firewood and charcoal.
6. Pesticides formulations.
7. Stainless steel wire in thicker gauges (Upto 20 gauge).
8. Recovery of zinc metal from zinc ash, gross, waste, etc.
9. Re-rolling of steel including stainless steel.
10. Ammonium Nitrate from calcium-ammonium nitrate (Fertilizer grade).
11. Wire drawing of steel and items requiring wire rods as an essential raw material (upto 24 gauge).
12. Wires and cables aluminium.
13. Bright bars.
14. Zinc Oxide.
15. Thinner and French Polish.
16. Manufacture of vanaspati ghee, refining of crude oil.
17. All limestone based products.
18. Printing Press.
19. Heat treatment and electroplating.
20. Mini-steel Plants and induction furnaces manufacturing steel alloy ingots, billets, except induction furnaces engaged in the manufacture of steel alloy steel castings.
21. Polishing & grinding units.
22. Breweries, Distilleries, non fruit based wineries and Bottling Plants (both for Country Liquor and Indian Made Foreign Liquor) which are subject to licencing.
23. Mining & Quarrying industry including stone crushers.
24. Jobbing units except textile-dyeing, finishing and printing industry.
25. T. V. assembly, radio assembly, V. C. R./V. C. P. assembly and assembly of electronic items where value addition done as per norms laid down by Government of India is not more than 14%.
26. Non-power operated acid slurry detergent formulations.
27. Conduit pipes and manually welded furniture (except E. R. W. seamless pipes).

ANNEXURE-IV

(As referred to in clause 7 of these rules).

1. Cement & other limestone based chemicals/products.
2. Steel Ingots.
3. Rolled Steel including stainless steel, sections, sheets, wire rods and utensils.
4. Steel wires coated & uncoated, wire ropes of all categories.
5. Electrical Power generation, transmission, distribution equipments, AAC/ACSR Conductors, D. G. sets and their components.
6. Copper and Aluminium wire rods, cables & conductors.
7. Agro and Horticulture based items.
8. Processed wool, wool tops, woollen/cotton/silk and synthetic blended yarns and hosiery goods and ready made garments.
9. Electronics and Telecommunications equipments, components goods/gadgets and optical fibre cable and accessories.
10. HDPE/PP woven sacks, polythene bags, corrugated boxes and other packaging materials.
11. Watches and all horological components.
12. Plastic products sheets, pipes, films and mouldings.
13. Ferrous and non ferrous wires (coated and uncoated), ferrous and non ferrous castings, forgings and their alloys.
14. Glass.
15. Ayurvedic medicines.
16. Steel and C. I. pipes, castings and their fittings.
17. Red mud P. V. C. roofing sheets.
18. Rubber products of natural and synthetic rubber.
19. Tractor parts and Automobile Ancillaries.
20. Pulp, paper & paper products.
21. Drugs and pharmaceuticals.
22. Leather, leather goods, rexine leatherite, P. U. leather and other synthetic leather and their products.
23. Industrial machinery, machine tools, cutting tools, hand tools, agriculture implements and related accessories.
24. Ball and roller bearings.
25. Refined vegetable oils and vanaspati.
26. Processed and condensed milk, skimmed milk powder, babyfood, malted food, beverages, biscuits and confectionery.
27. China clayware and potteries including bone china potteries, fire clay bricks.
28. Office and business machines/equipments including photo copier, their spare parts accessories, attachments and consumables.
29. Electrical and electro-medico equipments, machines including white goods and related fittings and accessories.
30. Scientific and optical instruments and other laboratory equipments.
31. Wooden and Steel furniture and fixtures plywood.
32. Umbrella ribs.

ANNEXURE-V

(As referred to in clause-16 of these rules)

Type of Industry

Industrial areas falling in

1. Agro-Horticulture based Industries :

- | | |
|---|---|
| (i) Apple Stone fruit & other temperate fruit based industry. | Kullu, Shimla, Kinnaur, Lahaul & Spiti, Mandi, Chamba and Sirmaur District. |
| (ii) Citrus fruit mango based Industries, | Kangra, Una, Sirmaur, Solan, Hamirpur, Bilaspur and Mandi Districts. |
| (iii) Potato based industries. | Lahaul & Spiti, Kinnaur, Shimla Kullu, Mandi, Solan and Kangra Districts. |
| (iv) Ginger based industries. | Sirmaur, Bilaspur and Solan Districts. |
| (v) Maize based industries. | Shimla, Mandi, Kullu, Bilaspur, Hamirpur, Kangra and Chamba Districts. |

2. Electronics industries Including Computer software.

Specified Electronic Complexes namely, Chanbaghat, Shoghi, Jubbarhatti, Nagri and any other such dedicated Electronics Complexes to be set up in the State.

3. Herbal produce based industries and aromatic industries.

Entire State.

4. Wool based industries (including Angora wool).

Entire State.

5. Sericulture

Entire State.

ANNEXURE

DEPARTMENT OF INDUSTRIES

INDUSTRIAL POLICY STATEMENT-1996

1. Background :

Himachal Pradesh, since its Statehood in 1971, has adopted an approach of intersectoral development, to ensure that the goal of raising the standard of living and overall prosperity of the people of our State are achieved. The strategy to achieve these objectives, has to a great extent yielded positive results. The rapid agricultural and horticultural development of our State has contributed significantly to our economy and to the rise in the standard of living of our people. The Foodgrain production in our state today is more than 14 lakh tonnes per annum. The vegetable production is touching a figure of 5 lakh tonnes per annum. The Fruit production has also increased manifold and is around 5 lakh tonnes per annum. As a result the average per capita income in the State (at constant prices) has increased from Rs. 1704 in 1980-81 to Rs. 2012 in 1992-93. Today the percentage

population living below poverty of our state is only about 9% against the national average of 30%. Similarly in the Power Sector which has been identified as a thrust area for development, the state today is generating about 4069 MW of hydel power. In addition about 2000 MW of additional hydel power will be generated by 2000 A. D. The Motorable road length in the State has increased to more than 19000 Kms. and with other roads, today connects more than 7521 villages of the State. The literacy percentage of the State is now 63.86% which is higher than national average. There are 37 technical training institutions including one R. E. C. set up in the State. The tourism sector also has shown immense potential for development & exploitation in the state as is evident by the large number of tourist visiting the State. A sound base has thus been created to achieve the objective of rapid agricultural, and industrial development of our State, rapid expansion of opportunities for gainful employment reduction and removal of poverty as well as removing social and economic disparities, attaining higher level of income and in the long run achieving the goal of self reliance.

2. Industrial Policy 1991 :

The industrial policy of Himachal Pradesh, was last announced in 1991. Since then, keeping in line with rapidly changing economic environment and experiences it is imperative to reiterate the Government's commitment to speedy industrial growth. It is therefore proposed to, accordingly review the existing industrial policy, so as to clearly spell out Government's policy on industrial development in the changed economic scenario. The existing industrial policy-1991 spells out as its objectives, the following :

- (a) Increased share of Industries Sector in G. D. P.
- (b) Higher priority to Industries Sector in Plans.
- (c) Generation of fresh avenues of employment.
- (d) Optimum utilisation of resources & local raw materials.
- (e) Geographical dispersal of industries.
- (f) Role of Public/Private sector.
- (g) Integrating Industrial Development with development of other sectors.
- (h) Productivity improvement, technological upgradation and investment by Non-Resident Indians.

1. Present Status :

The process of economic reforms set in motion since July, 1991 by Government of India and consequent related industrial policy reforms/initiatives in the form of delicensing and automatic approvals of foreign investment in identified areas have generated significant investor interest.

In our State alone the progress of industrialisation and its pace can be well gauged by the following figures :

Year	No. of Large & Medium Scale Units approved for setting up	Proposed Investment (Rs. in cores)	Anticipated Employment
1	2	3	4
1991-92	12	340	4709
1992-93	20	617	8779
1993-94	36	704	9433
1994-95	41	1460	14380
1995-96	37	940	5800
	upto 12/95		or

1	2	3	4
Year	No. of Large & Medium Scale Units which are functioning in the State	Investment (Rs. in crores)	Employment
1	2	3	4
1991-92	133	350	15000
1992-93	136	500	15500
1993-94	140	532	17000
1994-95	146	867	21000
1995-96	153	963	22629
	upto 12/95		

Year	No. of Small Scale Units functioning in the State	Investment (Rs. in crores)	Employment
1	2	3	4
1991-92	21518	248.08	84261
1992-93	22440	289.28	90802
1993-94	23265	350.20	94676
1994-95	24122	412.00	99504
1995-96	24587	436.00	101554
	upto 12/95		

The liberalisation of industrial policy thus, as is evident from the above figures, have no doubt contributed towards increase in the flow of investment. At the same time, it is an admitted fact that investments actually fructify in those states which provides the basic foundation for industry. Thus removal of infrastructural constraints & elimination of administrative bottlenecks, are a pre-requisite to enable the State project the image of an ideal investment destination which provides necessary ground conditions for stepped up investments in the industrial sector.

4. Need for New Industrial Policy :

In order to respond to the rapidly changing economic scenario, it is therefore imperative that new policy initiatives be taken and accordingly the industrial policy statement of the Government be reviewed. This is necessary also with a view to convince the investors of the Government's intention to provide continuity to its declared policies, show its responsiveness to changing times and its commitment to promote industry and provide it a congenial atmosphere to grow. Accordingly Priorities have to be reviewed and action points identified.

5. New Priority Areas Requiring Action :

The State Government, it is increasingly being felt, should play a complimentary role in the creation of basic infrastructure like power, roads, transport, education, health, housing and also assume the exclusive responsibility of ensuring the availability of critical inputs like power, land, water etc. At the same time, the State Government is increasingly expected to reduce effectively the large number of controls and regulations, instituted and administered by the State Government

which have a significant bearing on business, like industrial relations, pollution control, mining leases, power etc. Similarly, it is being felt that because of a high correlation of the State level taxes and their system of taxation with that of economic growth, the State Government can play a major role in creating an ideal investment climate by using its powers to direct and channelise the movement of traded and produced goods, by way of appropriate and conducive taxation policy.

It is in this background, with a view to provide encouragement for private initiative and enterprise, facilitation of the fair play of the market forces and elimination of delays in clearances and unwarranted regulations, that the reforms in the industrial sector are sought to be directed in this direction.

4. Objective of New Industrial Policy-1996 :

This industrial policy of the State has therefore been formulated to ensure that conscious efforts are made to achieve set objectives, in a time bound manner. It is an effort to renew the Government commitment to achieve these objectives and ensure that the fruits of development permeate down uniformly to the people living throughout the State. The Industrial Policy Resolution of the State in existence till now, emphasised on the Industrial development of the State, by way of identifying certain industries for development, and providing them incentives. There was corresponding lack of emphasis on development of infrastructure and encouraging setting up of basic industries. However with renewed emphasis of the Central Government initiatives and launching of the new industrial policies, which aims at social and economic justice, ending of poverty and unemployment, and to build a modern, democratic, socialist, prosperous and forward looking society which grows as a part of world economy it is a conscious effort of the State Government to be in tandem with the National policy.

Keeping in view the changed circumstances it is now proposed to specify the following objectives namely :

1. Gainful and optimal exploitation of the comparative advantage available to Industry in the State :

The State Government would consciously endeavour to foster industrial growth in the areas, where our State has natural resources advantages. Value addition of these natural resources and their scientific, optimum and gainful exploitation for industrial use would be ensured and actively encouraged. Backward and forward linkages with the natural resources sector would be also actively encouraged to ensure sustained overall economic development.

2. Ensuring availability of infrastructure and investment climate of standards, and complimentary growth of the service and business Sector :

Efficient and quality infrastructure has been identified as an important thrust area for, successful growth of our economy. With the liberalisation of the economy, the State Government intends to provide the required "extra edge" by way of concentrating its efforts for creation of efficient and quality world class infrastructure for its industry, trade and commercial activities. Private sector needs are intended to guide the infrastructural priorities of the Government and active private sector investments in such infrastructure development projects, would be encouraged to supplement Government efforts. The State Government would also take an active lead in eliciting Co-operation of neighbouring State's for the creation of infrastructure for common use by industrial units of the region like construction of super highways, airports, container depots, communication networks, and related social infrastructure.

3. Fostering an environment of mutual trust, confidence, faith and partnership with industry :

The State Government will make a conscious efforts to reach out to its entrepreneurs and businessmen. Industry, trade and commerce are viewed as significant contributors to economic growth of the State. As such the State Government shall strive to create congenial environment on a sustained basis, wherein 'self regulation' and discharge of "social responsibility" will be voluntary rather than imposed. Dialogues with industry, trade and commerce will be regularly held and corrective measures, where necessary initiated and implemented in a time bound manner.

4. Encourage competition by way of productivity, quality and cost effectiveness :

The State Government shall aim at long run survival of industrial ventures by way of actively encouraging the culture of productivity and quality. In the liberalised economic scenario, the State Government recognises the need for productivity and quality to ensure efficient and economic uses of resources, competitive prices and maximisation of consumer satisfaction. The State Government would consciously strive for social welfare of its people, by creating a congenial climate for industry, trade and commerce where productivity, quality and cost effectiveness are the key essential inputs.

5. Employment generation by focusing attention on human resource development and skill upgradation uniformly throughout the State and in harmony with the needs of industry, trade and commerce :

Employment generation and absorption of locally available manpower is 'TOP PRIORITY' of the State Government. The Government intends to create employment avenues for its educated youth, in the Industry, trade and commercial sectors. Smooth mechanism to facilitate absorption of local youth in industrial units of the State is intended to be set up where local units would be provided manpower, commensurate to their needs. The State Government will also actively facilitate active industry-employment interaction linkages with technical training institution, creation of a pool of trained manpower and ensure their adequate generation. Industrial unit set-up in the State would be required to give preference to local youth in providing employment and to ensure this, all efforts would be made by the Government.

6. Encourage Exports, especially of value added products :

The State Government intends to actively encourage exports. Exports have been identified as a key potential factor, which can significantly contribute to a high industrial growth rate. The State Government proposes to identify and promote newer areas of exports, especially in products and services, where the State has an established comparative advantage. The State Government shall endeavour to attract foreign direct investments and encourage setting up of projects based on latest proven technologies in the joint/assisted sector so, as to achieve a competitive edge in the international markets. The State Government would on a priority basis take up the promotion and setting up of information technology exchange & banking centres pursuant to its achieving of objective of initiating the process of "export led growth". The State Government would continue with its policy of giving priority to all export oriented units and review it from time to time in accordance to the changing economic environment and felt needs of such units.

7. Focus on development of tiny, small scale, Khadi and Village Industries, Handlooms, Handicrafts, Rural industries and Sericulture industry in a optimal manner and as suited to local environs :

The State has a rich heritage of traditional, arts and crafts, the potential of which is intended to be specifically exploited. Local artisans, craftsmen, and weavers would be encouraged to be organised and common infrastructure would be created for use by them. Specific beneficiary oriented schemes would be formulated and implemented for ensuring the welfare of the local artisans, craftsmen & entrepreneurs at the village level. Rural industries and cottage industries

would receive focussed attention for their development. Linkage of such activities like sericulture, handloom, handicraft, tiny and cottage industries with complementary activities such as tourism sector would also be attempted, so as to create local market for these produce. Special benefits, would be provided to such activities and entrepreneurs, which would continue and would be reviewed from time to time to ensure fruitful results.

8. Focus on Promotion and Development of Priority industry and specific Category of industry :

The Government will consciously identify specific group of industry for focussed development. The criterion of identification of such industry would be the availability of local resources, comparative advantages to such industry in the State and the optimum utilisation of inputs and infrastructure would be ensured. Such industries would also provide opportunity in creating direct and indirect employment avenues, in providing opportunities for forward and backward linkages. Agro-based, natural resources like mineral, tourism sector, hydro power generation, electronic industry have already been identified as area where the process of focussed development on scientific lines has already been initiated. This process will continue. Industries like manufacturing of garments, knits, 100% Export Oriented Units, and units with fixed capital investment of more than Rs. 300 crores in addition to investment of more than Rs. 300 crores in addition to Agro-horticultural produce industries, woolen based industries, electronics & sericulture based industries have also been included in the list of Priority Industries, for promotion & development in the State. The Government will also endeavour to ensure dispersal of such industries to various locations within the State, with a view to support ancillary trade, commerce and service activities, thereby creating avenues of employment and income generation in these areas.

9. Strategy :

1. Simplification of Procedures and Single Window Agency :

Emphasis will be laid on the simplification of procedures and in issuance of time bound approvals by various Governmental/semi-Governmental Departments/institutions. The administrative system will be reorganised and strengthened and necessary delegation to the extent possible will be given, so as to enable speedy clearances of project proposals. In order to provide single window service to entrepreneurs at the industrial area/estate, single window agencies will be set up in selected areas and adequate powers delegated to such agencies to ensure redressal of entrepreneurs problems at the grass root levels. If found functioning effectively it will be also extended to other such areas of industrial concentration in a phased manner.

2. Encouraging Private sector participation in infrastructure and related development projects :

With a view to encourage efficiency and economy and to create infrastructure in accordance to the competitive needs of industry in a time bound manner the State Government is open to selectively allow private sector participation in such infrastructure development projects. While allowing such participation, the State Government would be selective in identifying such investors and would thoroughly evaluate investors technical competence and financial ability to execute such projects. The guiding principle in finally selecting investors and their projects would however be the overall guidelines as laid down in our Constitution and specifically in the objectives and enshrined in the Directives Principles of State policy of our Constitution.

3. Agro Industrial Development Policy :

Being primarily an Agrarian State and having abundant resources in the Agro-Horticulture sector the State Government will provide special emphasis on setting up of captive value addition facilities in the State. The agro-climatic zones, conducive for producing varied produce has tremendous potentials for Agro industrial exploitation. This would consciously be exploited by stepping

up R & D work, identifying new crops, commercialisation of techniques of production and use of modern scientific techniques like Bio-tech & tissue culture and import of latest cost effective technologies would be encouraged. Special incentives and facilities for setting up of Agro Industries would also be provided to ensure value addition of such produce and its exports from the State besides ensuring market oriented remunerative prices to the farmers of the State.

4. *Industrial Land policy :*

With a view to provided speedy clearances to industrial units for the purchase of Agricultural Land for industrial use, the Government will, cases ensure such permissions, in specified areas, and facilities time bound approvals in land transfer cases, for setting up of Industrial units in the State. The state Government will ensure that land allotted for industries is strictly in accordance to their needs and in the cases where such permission have been accorded, it will also ensure that it is put to industrial use, within the given time frame. Besides monitoring such allotments/permissions given for use of land for industries it will be ensured that the land use norms are in accordance to the prevalent development plans and Town & Country planning norms applicable in that area. The State Government will make concerted efforts to locate industrial units at pre-planned locations and after carefully determining the land-use in specified industrially potentially viable areas, so as to ensure growth of industry as well as related infrastructure in a planned and scientific manner in various parts of the state. While identifying and specifying such areas, due care as regards its potential viability on account of infrastructure, both economical & social, and other related aspects, will be also ensured.

5. *Simplification of Tax Structure :*

The State Government realises the importance of a simplified and effective tax structure in catalysing economic activity. It is therefore the continuous endeavour of the State Government to devise and adopt, a simplified tax structure. Effort would be made, to balance the direct taxes with indirect taxes, so as to encourage home consumption, and also ensure that domestic products remain competitive outside the state. The procedure for filing of returns, and of maintenance of record would also be simplified. Efforts be made to ensure free movement of goods within and outside the state with minimum controls. Efforts would also be made to take up on National forums & regional level, with the counterpart State Government's the case for reduction of sales tax differentials, so as to ensure regional development on the basis of resource strength rather than on tax incentives provided by various State Government.

6. *N. R. I. Investments :*

In flow of Foreign Exchange, improved technology from abroad, joint venture with foreign collaboration and export oriented units by way of N. R. I. Investments and setting up of Export Oriented Units would be encouraged. Such investments would be welcome in the State and would be accorded top-priority in providing clearances. Escort services, would be provided to such entrepreneurs. A special package of incentives, concessions and facilities would be extended to such projects.

7. *Export Policy :*

With a view to sustain the forces of liberalisation of the economy, exports have been identified as a priority area. Export oriented units have the capacity to provide better linkages with the domestic economy, and we feel that such units would be instrumental in creating capacity expansion in sectors such as electronics, garments, yarns, textiles, handloom, handicrafts, engineering, precisions goods, horticultural & agricultural goods etc.

With a view to encourage, setting up of Export Oriented Units, the setting up of an exclusive Export Promotion Park in the State, will also be given top priority. For such Export Oriented Units, the State Government will also provide an exclusive package of incentives and concessions. Appreciating the problem of Export Oriented Units the State Government will address itself to the issues related to sales tax on inputs of exports, immediate release of power connections, besides ensuring that no power cuts to such industries are imposed, as also insulate them from any undue obstructions from any quarters concerned.

8. *Primary & Vocational Education Manpower Development and Employment Generation :*

Increased emphasis will be laid on primary and vocational education in the State. Effort will be made to reorient the primary & vocational education system so as to expose and train people in self employed ventures and design the existing educational curriculum in a manner, so as to make them more confident of seeking self employment avenues in Industry, Trade and Commercial activities. With a view to cater to the growing needs of Industry and the specific needs of trained manpower, the Government on its own and with active partnership with Industry and Industrial associations, will endeavour to create more technical training institutions in the state in new trades and vocations. A conducive environment, wherein Industry voluntarily provides jobs to local youths, will be created in the state, so as to ensure increased employment opportunities to our youth.

8. *Policy Implementation :*

This New Industrial Policy-1996 is intended to provide impetus and focus on the developmental efforts of the State Government in a specific direction, with a view to catalyse industrial growth in the State.

9. *Safeguards :*

Industrialisation will be viewed as a means to achieve the objective of social welfare. No compromise will be made where industrialisation would be in conflict with social welfare. Social benefit would be the touchstone of any industrial activity and where social costs would be heavy, such projects would not be encouraged to be set up in the state. Social cost parameters of Industrial Projects like impact on environment, ecology, inefficient use of natural resources, increased cost of rehabilitation and resettlement of oustees, pressure on existing infrastructure etc. would be carefully weighed with the benefits that permeate directly to the people of the state, while giving such approvals.

10. *Revised Industrial Incentive Scheme, 1996 :*

With a view to encourage investments in the state and realise the objectives stated above a carefully Devised competitive package of incentives to industries has also been formulated. These incentives have been formulated keeping in mind the fact that there is continuity in the incentive schemes already announced from time to time and also the package of incentives offered by other states in the country. The policy is to encourage and give incentives to the units based on their performances, as also to encourage creation of a system wherein industry voluntarily and readily, passes on the token part of the benefits it has earned to the States economy by way of taxes, employment opportunity to local people, as also encourage setting up of identified thrust industry and service enterprise especially by local people. The package of incentives will henceforth be continuously reviewed and up dated in accordance to the changing needs of the industry and economic environment in the State, as well as the country as a whole, so as to ensure Comparative Advantage to the industrial units located in our State, in the long run.

11. *Conclusion:*

The State Government is dedicated to commit itself wholeheartedly for the healthy growth of industry in the State. The revised policy parameters, stated above, is the State Government response to the needs of the industrial sector of the State in the liberalised and rapidly changing economic & commercial scenario. The policy will guide Governmental efforts, in times to come and shall be reviewed and updated in consultation with Industry, in accordance to the public will and manifesto of the Government.

It is with this clear and emphatic statement of intent that the State Government earnestly extends its invitation to entrepreneurs within the country and abroad, to set up their projects in the State. The Government of Himachal Pradesh on behalf of its people, assures, all out support to investors in our State and of their whole hearted support to their ventures.

नियन्त्रक, मुद्रण तथा लेखन सामग्री, हिमाचल प्रदेश, शिमला-5 द्वारा मुद्रित तथा प्रकाशित ।